SECTION 4 **PLAN DOCUMENTS**

B. Plan Summary

SHEARSON LEHMAN HUTTON MORTGAGE CORPORATION

DEFERRED COMPENSATION PLAN

SUMMARY

This summary describes the Shearson Lehman Hutton Mortgage Corporation Deferred Compensation Plan. The actual plan document contains the information on which this summary is based. If a question arises that this summary cannot answer, or if there is any discrepancy between this summary and the plan document, your right to benefits shall be governed by the plan document. You should consult the plan document if you have any questions.

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DEFERRED COMPENSATION IN GENERAL

WHAT IS DEFERRED COMPENSATION?

A deferred compensation plan affords you the opportunity to have your employer (the "Company") hold a portion of your salary or bonus rather than paying it to you currently. The Company establishes a bookkeeping account on your behalf indicating the "promise" to pay this amount to you at a future date. Amounts deferred are not taxable to you until you receive them.

WHAT ARE THE ADVANTAGES?

Eligible employees benefit from deferred compensation in several ways.

1. NO CURRENT TAX
   Since deferred compensation is not taxed currently, there is a greater amount of capital to be invested during the period of deferral.

2. TAX-FREE GROWTH
   Since the investment return inside the plan is not taxable to the employee, there is opportunity for compound growth at before-tax yields.

3. INVESTMENT OPPORTUNITIES
   Participants gain access to an advantageous investment vehicle.

4. POSSIBLE TAX SAVINGS
   A participant may achieve some income tax savings by receiving the deferred compensation when in a lower tax bracket.

AN ILLUSTRATION OF THE BENEFITS OF DEFERRED COMPENSATION

Cash Payment (No Deferral)		"Traditional" Deferred Compensation	
Amount Received	$ 10,000	Amount Deferred	$ 10,000
Less Income Taxes	(2,800)	Earning 7.5% each year for 10 years	
Available To Invest	$ 7,200		
Earning 7.5% each year (5.4% after-tax) for 10 years		Accumulated Balance	$ 20,610
		Less Income Tax	(5,771)
Accumulated Balance	$12,183	Accumulated Balance	$ 14,839

Assumptions

7.5% Investment Yield
28% Income Tax Rate

WHAT ARE THE DISADVANTAGES?

From tax and financial perspectives, a deferred compensation plan is extremely advantageous. There are, however, some possible disadvantages.

1. REDUCED CASH FLOW
   By deferring compensation, you have reduced your current cash flow. Therefore, if you need your dollars now, deferred compensation might not be appropriate. However, because deferral is in pre-tax dollars, the cash flow impact is significantly less than the amount deferred.

2. UNSECURED CREDITOR
   A participant in a non-qualified deferred compensation plan is an unsecured creditor of the Company. Therefore, in the unlikely event of bankruptcy of the Company, your deferred compensation would become a creditor's claim against available assets.

3. ILLIQUID INVESTMENT

Absent an unforeseen financial hardship, a participant will not be able to receive any payments until the date he has elected to receive payments.

4. POSSIBLE HIGHER TAX RATE

The tax benefits of deferred compensation could be substantially reduced if you are in a higher tax bracket when you receive the funds than when you deferred the income. This disadvantage may be mitigated by spreading payments over a number of years.

THE SHEARSON LEHMAN HUTTON MORTGAGE CORPORATION DEFERRED COMPENSATION PLAN

WHAT IS THE SHEARSON LEHMAN HUTTON MORTGAGE CORPORATION DEFERRED COMPENSATION PLAN AND WHY IS IT ATTRACTIVE?

The Shearson Lehman Hutton Mortgage Corporation Deferred Compensation Plan offers all the benefits of traditional deferred compensation plan plus an exceptional investment return to the plan participant.

HOW IS THE INVESTMENT RETURN DETERMINED?

The investment return credited to your account is based upon the Moody's Rate and your years of participation in the plan. For your first year of participation, interest is credited at two percentage points less than the Moody's rate; for your second year, the interest rate is one percentage point less than the Moody's rate; and for your third year, the interest rate equals the Moody's rate. After the third year, interest is credited at a rate equal to Moody's plus eight percentage points.

WHAT IS THE MOODY'S RATE?

The Moody's Rate is an average rate published by Moody's Investors Service, Inc. It approximates the average yield available on long-term corporate bonds of varied credit-worthiness. This rate for 1988 was approximately 10%.

WHAT HAPPENS IF I LEAVE THE COMPANY BEFORE 1993?

If you are less than age 55 and you leave the Company prior to 1993 for any reason (other than death), you will not be eligible to receive the Moody's rate based investment return. Rather, interest will be credited on your deferred compensation equal to the average twenty-six week Treasury Bill Rate.

HOW AND WHEN WILL DEFERRED COMPENSATION BE PAID?

The manner and timing of distribution will depend upon your payout election and your age at the time of your termination. You can elect to have your deferred compensation and accumulated interest paid at some future specified year (but not before 1993 and prior to the year you attain age 71) or following termination of employment, either in a lump sum or in annual installments.

In the event you elect to receive payments following the termination of your employment, you may request that payments begin in the year following termination or in some future year (but prior to the year you attain age 71). In addition, regardless of when payments are to begin, you can request that payments be made in up to fifteen annual installments. However, regardless of your election, if your employment terminates prior to 1993 for any reason (other than death) and you are less than

age 55, your account balance will be paid in a lump sum in the year following your termination unless you request, and the Executive Compensation Committee approves, installment payments (not to exceed five). If your employment terminates after 1993 or after attaining age 55, the Executive Compensation Committee may, upon your written request, accelerate the beginning of payments and/or reduce the number of installments.

Except for lump-sum distributions, your account will be paid in "substantially equal installments". Because interest rates will vary over the payout period, however, there will be some variation in the actual payment received in any one year.

WHAT IF THERE IS A FINANCIAL HARDSHIP IN MY FAMILY

The plan provides the Executive Compensation Committee with the flexibility of making a premature distribution of deferred compensation funds based on need. Should an unforseeable financial emergency arise, your deferred account could be made available to you.

HOW DOES THIS COMPARE TO TRADITIONAL DEFERRED COMPENSATION?

To keep the comparison simple, assume a one-time ten-year deferral of $10,000, a 7.5% investment return for the traditional deferred compensation and a 9% Moody's Rate.

"Traditional" Deferred Compensation		Shearson Lehman Hutton Mortgage Corporation Deferred Compensation Plan	
Amount Deferred	$ 10,000	Amount Deferred	$ 10,000
Account Balance in ten years @ 7.5%	$ 20,610	Account Balance in ten years	$ 37,804

ARE THESE BENEFITS GUARANTEED?

The Company is only able to offer these exceptional rates of return because of its ability to realize favorable investment returns under the existing tax laws. The Company reserves the right to terminate the plan in the event it determines that the economic viability of the plan has been substantially impaired or eliminated. Consequently, the benefits described above cannot be guaranteed, although each participant is immediately vested in his account and in the interest credited to it annually.

WHAT IF THE PLAN IS TERMINATED?

If the Company terminates the plan, compensation will prospectively cease to be deferred and you will have the option of receiving in a lump sum the value of your deferred compensation account, to which interest will have been credited at the plan's high rate of interest, or continuing to defer your account with interest credited based upon the twenty-six week Treasury bill rate. Regardless of your election on any plan termination, the higher rate of interest credited to your account prior to termination would not be lost or reduced retroactively.

WHAT AND HOW MUCH COMPENSATION CAN I DEFER?

You can defer salary payable between September 4, 1989 and December 31, 1990. The minimum amount that you can defer over this time period is $3,000.

IS THERE ANY EFFECT ON MY OTHER CORPORATE BENEFIT PLANS?

Amounts deferred under this plan will not be included in compensation in determining pension benefits accrued under the Company's Retirement Plan, the amount you may defer under the Tax Deferred Savings Plan, or the maximum permissable payroll deductions under the Employee Stock Purchase Plan.

WHAT ARE THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN?

Under the current tax law, the deferred amount plus the interest earned will be subject to ordinary income tax in the years in which you, or your beneficiary, receive payment, rather than in the years in which you defer the compensation. The Company will withhold required federal, state and local income taxes from the deferred amounts when they are actually paid.

HOW DO I ENROLL?

In order to participate in the Shearson Lehman Hutton Mortgage Corporation Deferred Compensation Plan, you must complete and return the Election Form to Francisco Nebot.

SUMMARY

The Shearson Lehman Hutton Mortgage Corporation Deferred Compensation Plan can offer significant investment opportunities. Participants can avoid current taxation and accumulate significant capital on a before-tax basis. The plan allows executives to enhance their own retirement or meet other needs in a tax-advantaged manner.

Shearson Lehman Hutton Mortgage Corporation is pleased to be able to offer this attractive feature and hopes that this option will assist you in your financial planning.

Deferred Compensation Agreement Amendment
The Ten Annual Installments Option

WHEREAS, Shearson Lehman Brothers Inc. ("Shearson Lehman") is the successor in interest to Lehman Brothers Kuhn Loeb Incorporated and its predecessors ("LBKLI"); and

WHEREAS, LBKLI for itself and as agent for certain of its subsidiaries entered into, from time to time, certain deferred compensation agreements with its employees (collectively the "LDCP Agreements"); and

WHEREAS, [redacted] entered into 1 LDCP Agreement(s) with LBKLI; and

WHEREAS, Shearson Lehman for itself and as agent for certain of its subsidiaries has offered and Employee has accepted certain amendments to the LDCP Agreement(s).

NOW THEREFORE, it is agreed as follows:

1. Deferred Compensation Certain compensation, the aggregate amount of which is set forth in Exhibit A to this agreement, has been deferred according to the terms and conditions of one or more previous LDCP Agreement(s). All of such compensation (and credited interest) will continue to be deferred according to the terms and conditions of this agreement and the LDCP Agreement(s) to the extent still applicable.

2. Installment Payments

(a) If Employee is living on the date that the payments to Employee provided for in this subparagraph (a) are to commence, Shearson Lehman shall make ten substantially equal, annual payments to Employee or Employee's designated beneficiary as follows:

(i) The first of these payments shall be made on the earlier to occur of (i) August 9, 2001 or (ii) the date that Employee retires at age 65 (or, if

later, his actual retirement from Shearson Lehman) or on any earlier date of employment termination after Employee reaches age 55 and, subject to the consent of the Administrative Committee of Board of Directors of Shearson Lehman ("Administrative Committee"), submission of an irrevocable letter by the Employee designating the date payments should commence. If the Administrative Committee does not consent to the Employee's designated date of commencement, the payments will commence as soon as practicable after such termination.

(ii) The remaining nine payments shall be made on the nine succeeding anniversary dates of the date such payments commence as provided in clause (i) above.

(iii) If these payments commence as of August 9, 2001, the amount of each payment shall be approximately the amount specified in Exhibit B to this agreement.[1] Payments which commence before August 9, 2001 shall be determined in a similar manner.

(b) If Employee dies prior to the date that payments to Employee provided for in subparagraph (a) above are to commence, Shearson Lehman shall make ten substantially equal, annual payments to Employee's designated beneficiary in an amount equal to the sum of (i) the value of the Employee's deferred compensation account at the beginning of the month in which death occurs and (ii) the projected increase in the date of death value of the account up to August 9, 2001 and over the installment payment period based upon the Moody's Crediting Rate in effect for the last full calendar year before death. The first of these payments shall be made as soon as practicable after Shearson Lehman receives appropriate notice and proof of Employee's death, and the remaining

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1 The payments set forth in Exhibit B are estimated figures which are subject to later adjustment to account for variations in the interest crediting rate. For purposes of this agreement, the interest crediting rate for any calendar year will be the published Moody's Corporate Bond Yield Average, plus an additional 3 percentage points (the "Moody's Crediting Rate").

payments shall be made on the nine succeeding anniversary dates of the first of such payments.

(c) If Employee becomes totally disabled (as defined in one or more of his respective LDCP Agreement(s), each definition of which is attached hereto as Exhibit C) prior to retirement, in addition to any other disability benefits to which Employee may be entitled Shearson Lehman shall pay Employee the amounts set forth in each of his LDCP Agreement(s) from the date Employee ceases to be an employee under such LDCP Agreement(s) because of total disability until the earlier of Employee's death or the date the payments to Employee provided for in subparagraph (a) above are to commence but in no event after attainment of age 65.

3. <u>Payments Prior to Retirement, Death or Disability</u> If Employee's employment with Shearson Lehman terminates for any reason other than death, disability or retirement prior to August 9, 2001, Shearson Lehman shall have no obligation of any kind under the LDCP Agreement(s) or hereunder except to pay Employee, in a single lump sum as promptly as practicable after termination, the value of Employee's deferred compensation account (described in subparagraph 4(a)) as of August 31, 1990, plus all interest accrued thereon at the Moody's Crediting Rate beginning on September 1, 1990 through the last day of the month preceding payment.

4. <u>Miscellaneous Provisions</u> Employee understands and agrees that:

(a) Shearson Lehman shall establish a deferred compensation account to which will be credited all amounts of deferred compensation under the LDCP Agreement(s) and all interest credited thereon.

(b) Shearson Lehman is not assuring Employee of continued employment by Shearson Lehman during all or any part of the period covered by this agreement or otherwise.

(c) This agreement and all other LDCP Agreement(s) which became effective previously shall be interpreted and construed by the Administrative Committee and the determination of the Administrative Committee as to any disputed question shall be conclusive.

(d) Any controversy arising out of this agreement or the LDCP Agreement(s) shall be settled by arbitration pursuant to the Constitution and Rules of the New York Stock Exchange, Inc.

(e) Any provisions of the LDCP Agreement(s) which are not amended by this agreement shall remain in full force and effect. However, any inconsistencies or ambiguities between this agreement and the LDCP Agreement(s) shall be resolved by the provisions and interpretations of this agreement.

5. Beneficiary Designation Employee may designate a beneficiary or beneficiaries entitled to receive any of the payments to be made by Shearson Lehman hereunder if Employee dies. This designation, which is attached hereto as Exhibit D, may be revoked or changed by Employee at any time. Any such designation, revocation or change shall be in writing, signed by Employee and delivered to Shearson Lehman. If Employee does not designate a beneficiary (or contingent beneficiary) to which payments are to be made after the death of Employee, or if any designated beneficiary (or contingent beneficiary) for payments does not survive Employee, payments by Shearson Lehman subsequent to the death of Employee shall be made to Employee's estate. If a designated beneficiary (or contingent beneficiary) survives Employee but dies prior to the completion of the payments contemplated to be made hereunder to such beneficiary, the unpaid portion of those payments shall be paid by Shearson Lehman to the designated beneficiary's estate or if applicable to the contingent beneficiary's estate.

6. American Express Company Guarantee Attached hereto as Exhibit E is a copy of the American Express Company guarantee which will apply in certain circumstances to the collection by the participant of his deferred compensation payments due under this agreement amending the LDCP Agreement(s). The provisions of such guarantee will be governed solely by reference to the terms of Exhibit E as approved by the American Express Company board of directors.

7. Effective Date Upon proper execution by the parties, this agreement shall become effective as of September 1, 1990.

EXHIBIT A

NAME: [redacted]

1. TOTAL AMOUNT DEFERRED UNDER THE

LDCP PLAN #2 [redacted]

TOTAL